

# MINUTES

## Edmonds Public Facilities District Board of Directors Meeting February 23, 2023

The Edmonds Public Facilities District Board hybrid meeting convened at 7:30 a.m. in the Edmonds Center for the Arts Green Room, 410 4<sup>th</sup> Avenue North, Edmonds, and via Zoom.

### **EPFD Board Members Present**

Ray Liaw, President  
Bill Willcock Vice President  
David Brewster

### **EPFD Board Members Absent**

Suzy Maloney  
Robert White

### **ECA Board Members Present**

David Schaefer, President

### **ECA Staff Present**

Joseph McIalwain, Executive Director

### **City Staff Present**

Dave Turley, Admin. Serv. Director (Ex-Officio)

### **Guests**

Will Chen, City Council Liaison

#### **1. Call to Order**

Board President Liaw called the meeting to order.

#### **2. Land Acknowledgement & Equity Statement**

Board Member Brewster read the Land Acknowledgement Statement and the Equity Statement.

#### **3. Board President's Comments**

- **Agenda Review**

Board President Liaw welcomed new Council Liaison Will Chen, noting there are a lot of positive changes happening at the ECA. She announced Administrative Assistant Lisa Helber is officially retiring at the end of the month and acknowledged her wonderful work.

Board President Liaw relayed Ms. Meagher's request to remove Disbursement Reports: December 2022 & January 2023 from the Consent Agenda and to add "Community Connections" to New Business to consider whether to assign board members to attend PFD Association meetings and other community meetings.

**BOARD MEMBER BREWSTER MOVED TO AMEND THE AGENDA TO REMOVE EPFD DISBURSEMENT REPORTS: DECEMBER 2022 & JANUARY 2023 AND ADD "COMMUNITY CONNECTIONS" TO NEW BUSINESS. BOARD VP WILLCOCK SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

#### **4. Public Comment - None**

#### **5. Consent Agenda**

- **EPFD Board Meeting Minutes**
  - January 11, 2023
  - January 26 2023

**BOARD MEMBER BREWSTER MOVED TO APPROVE THE CONSENT AGENDA AS AMENDED. BOARD VP WILLCOCK SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

**6. Old Business**

- **Prior Action Items Review**

Mr. McIalwain reviewed progress on action items from the previous meeting and identified outstanding items (see Action Items below).

- **February Staff Report – Questions/Comments?**

Board Member Brewster requested the report Mr. McIalwain sent out regarding his activities, which was not included in the staff report, be included in next month's packet for the record.

**7. PFD Board Business**

- **Leadership Transition Update**

Board President Liaw reported for the past couple months the leadership transition team (LTT) had been involved with onboarding the search firm M/Oppenheim. M/Oppenheim's first task will be interviewing department heads and key staff, ECA and EPFD board members and community members (donors, community partners, rental clients, key members of the education community, etc.) beginning next week about the organization and developing a first draft of the position description. The schedule that M/Oppenheim presented is about month off from what the LTT had hoped, due to optimistic schedule and because it took longer to get them onboarded. The current schedule is selecting a director by July which originally was envisioned as the new ED's start date. For Councilmember Chen, Board President Liaw provided background on Mr. McIalwain's departure and the hiring process for the ED position.

Board President Liaw continued, at their next meeting, the LTT will discuss who will conduct interviews once M/Oppenheim identifies candidates. M/Oppenheim recommends keeping the initial group small and when finalists are identified, having them spend 1-2 days at the ECA getting to know staff, board members and key community members. The LTT will also discuss strategically expanding the LTT in the near term.

**8. Finance & Operations Update**

- **Finance Update**
  - Repayment Schedule of Debt Services

Mr. McIalwain displayed a schedule of debt service that illustrates how the debt is being paid down. Questions and discussion followed regarding whether the EPFD was in a healthy position given rising interest rates and whether that was a topic for the Admin & Finance Committee to discuss, discussing/reviewing the financial health of the organization more frequently, the loan with the City, the budgeted repayment schedule, interest the EPFD pays to the City based on the local government investment pool (LGIP) rate, the LGIP rate and the requirement to use the LGIP rate, requirement to have bond debt through 2041 to continue to receive sales tax rebate, priority to pay off the City loan first, ability to pay off the City loan and the First Financial Bank loan early with no penalty, outstanding debt and interest rates, whether the EPFD should consider paying off either loan early, maintaining cash resources to invest in the building, whether it would be politically prudent to pay down debt to the City sooner

Questions and discussion continued regarding the building assessment identifying how much work is needed, long term strategic thinking about the future of the campus, identifying an amount for the Board Designated Fund, growth in the sales tax rebate, lodging tax funds the EPFD receives from Snohomish County for capital projects and opportunity to request more lodging tax funds in 2025, payments made to the City in 2022 and budgeted in 2023, the PFD Board having a quarterly discussion regarding debt, and potentially forming a task force with representatives from Facilities and Admin & Finance to discuss the strategic needs of the building.

- Draft FY2022 Financials

Mr. McIalwain displayed the Statement of Revenue, Expenses and Changes (Income Statement), advising these are rough numbers for 2022. The primary shortfall was fundraising which the board was alerted to, successes included ticket sales and attendance, and rentals and concessions were lower than projected.

Questions and discussion followed regarding funds budgeted for advertising, opportunity for new revenue via rental client advertising, why contributions were lower than budgeted, efforts in 2023 to increase contributions, why facilities and maintenance was over budget in 2022, and the possibly some facilities and maintenance expenditures could be capitalized.

Mr. McIalwain briefly reviewed the Statement of Net Position (Balance Sheet) and the Financial Dashboard. The board requested the March agenda include final 2022 financials.

- Draft January 2023 Financials

Mr. McIalwain displayed January financials. Questions and discussion followed regarding monitoring trends for concessions and rentals, reviewing budgeted revenue projections, concern the budget by month is flatline versus reflecting increases/decreased based on activity, importance of revenue streams this year due to the tight budget, and continuing to improve revenue generation.

- **Human Services**

- Organization Chart

Mr. McIalwain displayed an updated org chart, recalling concerns/confusion about the reporting structure. The board has also expressed concern in the past about the ED position not having the time/opportunity to think strategically and be present in the community due to their involvement with day-to-day operations. He has also heard, appreciates and agrees that in the current model there is particular expertise at the ED and AED levels where it makes sense for the ED to be connected to certain departments such as fundraising, community engagement, programming, marketing, etc. The current AED's strengths are related to operations, finance, HR, etc. He assured this model was not intended to circumvent the direct connection between the ED and that side of the house and AED and their side of the house. The idea was to illustrate that operational concern/issue would first go to the AED. Dotted lines were added to clarify who reports directly to who for most of their needs. He described areas where he is still very involved.

Discussion followed regarding difficulty seeing the dotted lines, showing clear direct reports in the solid and dotted lines, where the nine positions to be hired are in the org chart, concern that how decision making is done and who goes to who for day-to-day concerns is different than is reflected in the org chart, reports that should be reflected by a solid line and not a dotted line (such as the ED to development), the EPFD Board's role with regard to the org chart and lines of reporting,

the ED having direct responsibility to top line revenue inputs for the organization which this org chart does not depict, use of the org chart in recruiting a new ED, building an external org chart to tell the story to prospective ED candidates, preference to keep the org chart static for 2023, the list of core ED and AED responsibilities describing their roles more completely than the org chart, and concern the interplay between the ED and boards is not reflected in the org chart.

- Hiring Update

Mr. McIalwain reported:

- ❖ Administrative assistant, Lexie, has been hired and is training with Lisa Helber whose last day is Tuesday.
- ❖ Programming coordinator and talent buyer position transformed into a part-time talent buyer. Greg Garcia was hired, who also works with Fox Theater in Spokane. Liz Dawson is gaining knowledge in programming and will steward the ECA's art mission. He, Mr. Garcia and Ms. Dawson are working together to program the 2023/2024 season..
- ❖ RFP for a contract grant writer has been published and will be sent to peer art organizations.
- ❖ Event and stewardship manager position was posted with little response. Considering contracting for the events portion of the position and shifting the responsibility for donor events and stewardship to the major gift specialist.
- ❖ Major gift specialist position has not been posted.
- ❖ RFP for contract event planner position will be circulated to peer organizations.
- ❖ Finance: an account temp is doing great work. ECA Treasurer Rick Canning is assisting staff with preparation of yearend financial statements and preparing for the audit. Admin & Finance recommended contracting for financial support with a company versus an individual.
- ❖ Operations Manager position has not yet been posted.

- Job Description for Associate Executive Director

Schedule for March meeting.

- Inclusion & Accessibility
- **Facilities**
  - L&I Accident Prevention Program

Schedule for March meeting.

- RFQ 2023-01 Building Envelope & Conditions Assessment

Board President Liaw reported the RFP is out. An information session will be held at the end of the month; proposals are due in March. There is already some interest. She expressed appreciation to Ms. Meagher her efforts. A brief discussion followed regarding who will participate in the information session, reviewing proposals and interviews.

## 9. Executive Report / Steering Committee

- **Marketing & Business Development**
  - Ticket Sales Update

Mr. McIalwain referred to the Ticket Sales Update, recalling sales in the first half of the season were slow with a lot of last minute purchases and fewer subscriptions. Ticket sales were at 74% in the fall and currently 53% for spring, but it is still early. He highlighted shows where ticket sales were increasing, comped/low price tickets to WE SPEAK which he encouraged board members to attend, marketing for shows, shows where ticket sales are challenging, and an Mexican Consultant event that will be held at the ECA.

- **Programming/Outreach**
  - General Update

Mr. McIalwain reported one show is confirmed for the 2023/2024 season, offers are out for 8-10 artists and 10 offers will be sent out this week and next. In addition to opportunities to sponsor artists on the main stage, Center Stage will include sponsoring specific education, outreach and equity. Invites will be sent out in early March.

- **Development**
  - Monthly Snapshot Update on Development Strategy

Mr. McIalwain reported he only has three one-on-one board meetings remaining; he expressed appreciation to board members for their support and engagement. A \$300,000 request was submitted to the State for continued conceptual design work on the ECA/Boys & Girls Club partnership. He thanked David Schaefer, Lori Meagher, Liz Dawson and Diana Ortiz who met with legislators to thank them for supporting that request. During their meeting, Representative Lillian Ortiz-Self offered to co-sponsor the request with Representative Strom Peterson.

Mr. McIalwain reported the 4<sup>th</sup> Avenue Cultural Corridor process is moving into the next design phase, a partnership between the EPFD and the City to complete conceptual design from Edmonds Way to 3<sup>rd</sup> Avenue. He participated on a panel to select the consultant. The EPFD is investing \$25,000 along with funds provided by the City for a total expenditure of \$40,000-\$60,000. That process will transcend his time with the organization and he recommended identifying a staff member and a board member to engage in that project.

## **10. New Business**

- **Community Connections**

Schedule for March meeting.

Councilmember Chen reported the City approved a 55-year lease with the Boys & Girls Club. Mr. McIalwain reported the Boys & Girls Club needs to get through the opening of Civic Park before they get serious about ground breaking. Their fundraising is going well.

## **11 Adjourn**

The meeting was adjourned at 9:06 a.m.

**Next EPFD Board Meeting: Thursday, March 23, 2023 - 7:30 AM**

### **ACTION ITEMS:**

1. March EPFD Board meeting
  - a. Approval of Disbursement Reports: December 2022 & January 2023
  - b. Board approval of Employee Handbook
  - c. Final FY2022 financials

- d. EPFD Board review and approval of amount to move from restricted debt service into board designated fund when year-end financials are complete
  - e. Include Mr. McIlwain's report on his activities in the packet for the record
  - f. Job Description for Associate Executive Director
  - g. L&I Accident Prevention Program
  - h. Agenda Item: Community Connections – consider whether to assign board members to attend PFD Association meetings and other community meetings
2. Send EPFD board updated development revenue report that is provided to Philanthropy Committee at their March meeting
  3. Quarterly update/discussion on debt service
  4. Facilities and Maintenance expense over budget in 2022 – consider whether some expenses could be capitalized
  5. Consider creating external organization chart
  6. The month following board approval of Employee Handbook, report how it is received by staff